

Revenue
New Issue

Pennsylvania Turnpike
Commission

Ratings

New Issues

Turnpike Bond Anticipation Notes,
Series A of 2007* F1+
Turnpike Bond Anticipation Notes,
Series B of 2007* F1+

Outstanding Debt

Turnpike Revenue Bonds** AA-

Rating Outlook Stable

*BANs are expected to be insured by a municipal bond insurance policy from a monoline bond insurer, whose financial strength is rated 'AAA' by Fitch Ratings. **The 'AA-' rating is an underlying rating and does not reflect consideration for those bonds insured by insurers whose insurer financial strength is rated 'AAA' by Fitch Ratings.

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New Issue Details

\$133,750,000 Turnpike Bond Anticipation Notes, Series A of 2007, and \$401,250,000 Turnpike Bond Anticipation Notes, Series B of 2007 (federally taxable), are expected to sell during the week of Oct. 15 via negotiation by Citi.

Purpose: BAN proceeds will be used by the Pennsylvania Turnpike Commission to meet its fiscal 2008 obligations under Pennsylvania State Legislature HB 1590, Act 44 and pay costs of issuance.

■ Outlook

The Rating Outlook for Pennsylvania Turnpike Commission's (PTC, or the commission) turnpike revenue bonds is Stable. While PTC has a track record of maintaining financial flexibility to meet the operating and capital needs of its existing toll road system, Fitch Ratings expects its financial margins to be more constrained as it takes on additional obligations pursuant to Pennsylvania State Legislature HB 1590, titled Act 44. Proposed toll increases in fiscal 2009 and 3% annually after fiscal 2010 and the possible addition of tolls on Interstate 80 (I-80) are expected to support necessary capital reinvestment in the existing system and new obligations under Act 44 for highway and roads, as well as transit subsidies. Maintaining adequate levels of financial flexibility, while adding significant leverage in an uncertain political environment, will be a continuing challenge as the PTC's responsibilities and obligations expand. While PTC is developing its finance plan, Fitch is aware management is considering a multiple lien structure to minimize adverse consequences. Fitch will continue to monitor the commission's plans for additional leverage and its potential impact on senior lien credit quality.

■ Rating Considerations

The 'F1+' short-term rating reflects PTC's solid cash position, financial flexibility, and management's ability to execute a long-term financial strategy to meet its obligations under Act 44 prior to the mandatory redemption of the BANs on Oct. 15, 2009. The rating also incorporates some, albeit limited, covenants that facilitate a process to begin efforts to take out the BANs prior to their final maturity with long-term debt financing.

The 'AA-' long-term rating reflects PTC's vital role in serving the state's major population centers, as well as its stable historical traffic and revenue growth, its financial performance that covers all operating and capital needs of the existing mainline facilities, and its economic rate-making flexibility. The rating also reflects the significant debt-funded portion of PTC's proposed \$4.8 billion mainline capital improvement plan (CIP) and increasing leverage to subsidize highway and bridge projects across the commonwealth, as well as subsidize transit operations under Act 44. Additionally, the risk that the mainline revenue bond security may not be fully insulated from completion risks associated with the Mon/Fayette Expressway and Southern Beltway projects will be an ongoing challenge.

At this time, PTC and the Pennsylvania Department of Transportation (PennDOT) are applying to the U.S. Department of Transportation (USDOT) to convert the portion of I-80 running through Pennsylvania to a toll road. Pursuant to an expected lease between PTC and PennDOT,

the turnpike would operate and maintain I-80, charge and collect tolls and make lease payments to PennDOT for a 50-year term. PennDOT would use these payments primarily to fund PennDOT's highway and bridge program. Additional requirements under Act 44 include deposits into a public transportation trust fund to support the capital and operating needs of the commonwealth's transit agencies. Under Act 44, PTC is obligated to transfer a total of \$750 million in fiscal 2008, which will be partially funded through this issuance of BANs. The annual obligation increases to \$900 million in fiscal 2010 if a lease for I-80 is entered into, with a 2.5% annual escalator built in after fiscal 2010. Annual lease payments are expected to be financed through future bond proceeds and surplus toll revenues. In the event that PTC is unable to place tolls on I-80, the annual obligations to PennDOT would drop to \$450 million annually through the term of the lease.

PTC anticipates meeting its mainline CIP and Act 44 obligations with a 25% toll increase on the mainline turnpike in fiscal 2009 and 3% annual toll increases after fiscal 2010. Fitch expects PTC will leverage the additional revenues from toll increases to meet a portion of its annual obligations to PennDOT, with the balance derived from Pennsylvania highway revenue bonds, secured by motor license fund revenues, and the balance derived from I-80 toll revenues. PTC's finance plan is currently under development. Fitch is aware that management is considering a multiple lien debt structure with appropriate covenants and leverage to minimize adverse consequences. Fitch will continue to monitor PTC's expected plans for additional leverage and its potential impact on senior lien credit quality.

While there will be a significant increase in debt secured by the net revenues of the turnpike, Fitch recognizes that this is not an acquisition financing with a sizeable upfront payment and significant near-term leveraging. As a result, Fitch more favorably views the act's provisions and the commission's plan for debt issuance over time to support the turnpike and other commonwealth transportation funding needs on an ongoing basis.

PTC has maintained strong debt service coverage of 4.0 times (x) and 3.4x in fiscal years 2006–2007, respectively. While coverage levels have been strong, Fitch expects debt service coverage to fall as the PTC manages both existing obligations on the mainline facilities and capital projects contained in its 10-year CIP, but also new obligations under Act 44. Revenue growth for fiscal years 2005–2006 was strong, increasing 33% and 8%, respectively, to \$545 million

and \$588 million, reflecting the toll increase in August 2004 (fiscal 2005). Revenue growth moderated in 2007, increasing to \$592 million, or slightly less than 1%, reflecting minimal traffic growth and no toll increase. Operating and maintenance expenses grew by 5.6% and 5.4%, respectively in fiscal years 2006–2007, consistent with historical growth rates since 2002.

The PTC is taking on its new obligations in an uncertain political environment. Legislation has been introduced in Congress that could prohibit tolls on I-80. In response to such proposals, Pennsylvania's Governor Rendell has recently reopened consideration for a long-term lease of the Pennsylvania Turnpike to a private operator to generate sufficient funds for the Commonwealth's aforementioned transportation needs. Request for concessionaire qualifications are due by Oct. 1, 2007. While these alternative initiatives at the state and federal levels raises the level of political risk, Fitch expects the PTC's financial exposure to be limited given its lower level of obligations in the event I-80 is not tolled and the expectation that the commission's obligations would be assumed or taken out under a scenario where the turnpike would be leased to a concessionaire. Fitch will continue to monitor the commission's financial plans and obligations as they develop further and will take appropriate action based on the financial plan, borrowing strategy and capital needs.

The Pennsylvania Turnpike is the nation's oldest turnpike. It serves Pennsylvania's mature economy, including the cities of Philadelphia and Pittsburgh, which anchor each end of the state. The turnpike also provides a strategic link in the system of turnpikes that stretches from Chicago to Boston. Not surprisingly, toll revenues benefit from a high proportion of commercial traffic. While this introduces some susceptibility of commercial revenues to economic cycles, the sizable boost to revenues in up-cycles softens the negative financial impact in down-cycles. I-80 extends through northern Pennsylvania for roughly 311 miles from the Delaware Water Gap Bridge over the Delaware River on the Commonwealth's eastern boundary to the Ohio-Pennsylvania state line on its western boundary.

■ Strengths

- Turnpike facilities serve most major economic areas of the state.
- Strong historical traffic and revenue growth.
- Financial performance and cash position sufficiently accommodates operating and capital

needs of existing facilities and ability to take out BANs with long-term debt.

- Covenants to take out BANs are sufficient; however, covenants could be stronger and provide an additional level of strength.
- Strong rate-making flexibility.
- BANs are not for a large upfront acquisition, but rather an amount comparable in magnitude to the commission's recent long-term debt issuances.

■ Risks

- Under Act 44, significant new borrowing for nonturnpike-related needs will lead to considerably higher levels of debt, which was, until recently, unexpected.
- In addition to new obligations, the mainline large CIP requires significant additional debt.
- PTC's new obligations require regular mainline toll increases and the placement of tolls on I-80, which could be subject to political risk. However, the commission's obligations under Act 44 are reduced if I-80 tolls are not implemented.
- Political risk that PTC will not be fully insulated from financing completion of ongoing expansion projects.

■ Security Features

Security: PTC's turnpike BANs are equally secured, along with the outstanding turnpike revenue bonds, by a net revenue pledge. Revenues include tolls, interest income, and certain other receipts but exclude oil company franchise taxes and motor vehicle registration fees, both of which are dedicated to the capital costs of PTC's expansion projects.

Rate Covenant: PTC covenants to establish toll rates so net revenues in each fiscal year will at all times be at least sufficient to provide funds in an amount not less than the greater of 130% of annual debt service of the current year, or 100% of MADS plus the amount of required transfers from the revenue fund to the reserve maintenance fund and an amount to restore any deficiencies in the DSRF plus the amount of any short-term indebtedness outstanding for more than 365 days. The 2007 notes will be issued as "balloon indebtedness" under the trust indenture and are not included in the annual calculation.

While the 2007 notes are not included in the rate covenant, PTC covenants to use its best efforts to prepare proposed drafts of supplemental indentures or new indentures, subordinate or otherwise, required to provide funds to pay the principal and interest of

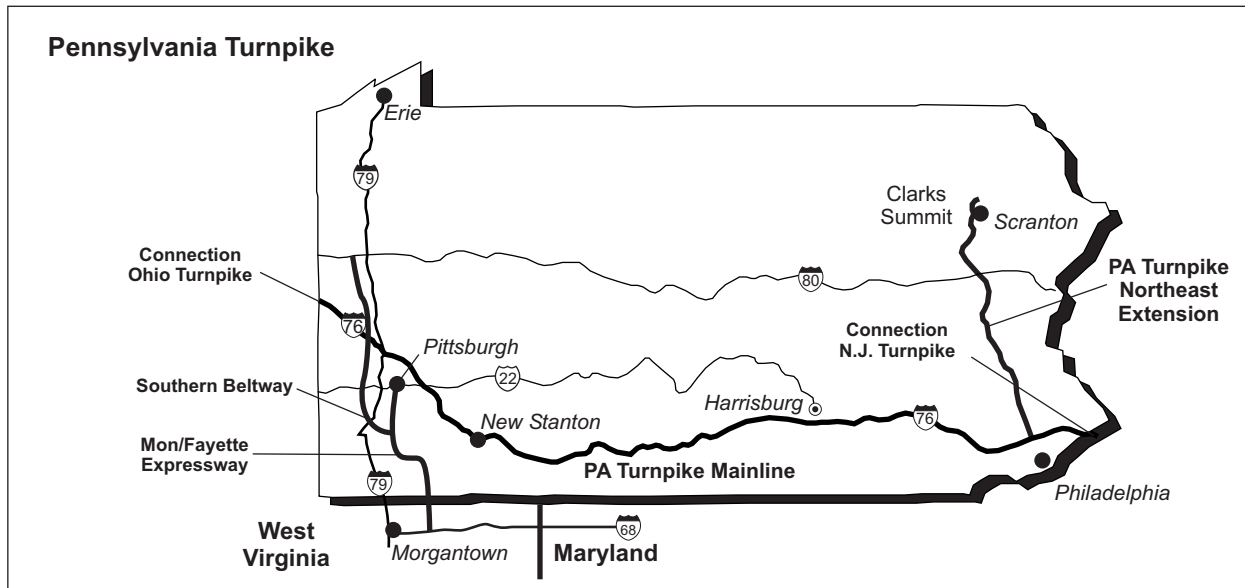
the 2007 notes six months in advance of the mandatory redemption date of Oct. 15, 2009. Furthermore, PTC's current financial flexibility and market access, solid cash position and pledge of mainline net revenues on parity with the turnpike revenue bonds provide additional comfort that management will execute a financing plan prior to the mandatory redemption date.

Additional Bonds Test: PTC may issue additional bonds under the indenture providing that historical debt service coverage from the most recent fiscal year is not less than 1.75x; or, if a report from a consultant stating that net revenues during the preceding fiscal year were at least 130% of MADS on all long-term debt outstanding and any long-term debt proposed to be issued and the projected debt service coverage ratio is not less than 1.30x.

Debt Service Reserve Fund: PTC currently has a policy of maintaining DSRFs for all fixed-rate debt outstanding. Fixed-rate bondholders have a lien on any of the various separate DSRFs that were created for any fixed-rate issues. Conversely, all variable-rate debt issues do not have DSRFs, and variable bondholders do not have any lien against the DSRF for fixed-rate bond DSRFs. PTC will not create a DSRF for the series 2007 A and B BANs.

■ Pennsylvania Turnpike Commission
Established in 1937 by state legislation and opened for traffic in 1940, PTC was the first state turnpike authority in the U.S. The existing system is the result of various extensions and interchange projects from 1948–1993. Interstate 76 (Mainline Section) forms the major east-west segment across Pennsylvania, extending from the border near Youngstown, OH to Pittsburgh and Philadelphia. Interstate 476 (Northeast Extension) is the major north-south segment, extending from the outskirts of Philadelphia to Scranton, PA. The turnpike reaches all of Pennsylvania's major economic centers. I-80 provides east-west access across the northern part of the state.

The commission is composed of five members, one of whom is the secretary of the Pennsylvania Department of Transportation. Other members are appointed by the governor with the advice and consent of the senate. Top PTC administrative posts include the chief executive officer, chief operating officer, chief financial officer, chief engineer, and chief counsel.



■ Act 44

The Pennsylvania Governor approved and the General Assembly of Pennsylvania enacted Pennsylvania State Legislature HB 1590, titled Act 44 on July 18, 2007. Under Act 44, PTC and the PennDOT are applying to the USDOT to convert the portion of I-80 running through Pennsylvania to a toll road. Pursuant to an expected lease between PTC and PennDOT, the turnpike would operate and maintain I-80, charge and collect tolls, and make lease payments to PennDOT for a 50-year term.

Under Act 44, PTC is obligated to transfer a total of \$750 million in fiscal 2008, which will be partially funded through this issuance of BANs to fund PennDOT highway roads and provide transit subsidies. The annual obligation increases to \$850 million in fiscal 2009 and \$900 million in fiscal 2010 if a lease for I-80 is entered into, with a 2.5% annual escalator built in after fiscal 2010. In the event that PTC is unable to place tolls on I-80, the annual obligations to PennDOT would drop to \$450 million annually through the term of the lease. In order to meet its obligations under Act 44, the PTC is authorized to issue turnpike revenue bonds, notes, or other obligations to pay for construction costs or other costs on I-80 and the mainline and for purposes of subsidizing PennDOT's highway, road, and bridge construction, and maintenance programs in the commonwealth.

While its financial plan is under development including the use of a multilien structure, the PTC anticipates issuing at least \$4.5 billion in the next five years to meet its obligations under Act 44.

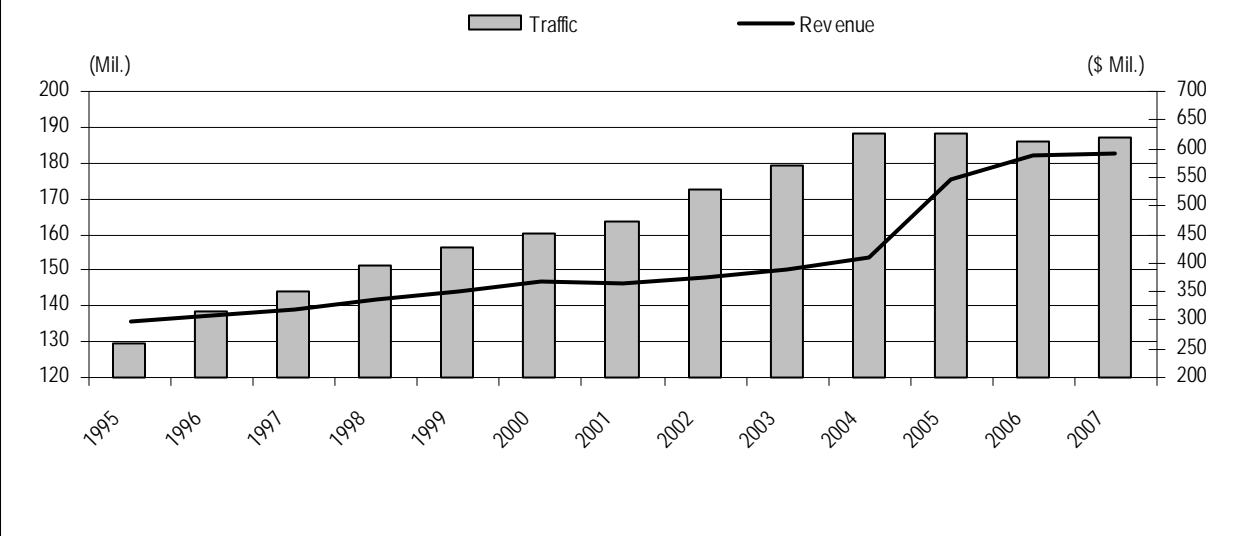
Furthermore, PTC is authorized under Act 44, after execution of the lease, to issue up to \$5 billion of Pennsylvania highway revenue bonds, of which a maximum of \$600 million can be issued in any calendar year, to meet the annual funding obligations. The Pennsylvania highway revenue bonds are secured by the motor license fund revenues. Debt service on these bonds will be paid by the mainline general reserve fund.

■ Toll Rates and Traffic

On Aug. 1, 2004, the PTC implemented a 42.5% toll increase on the mainline portion of the turnpike system. The increase approximates the rate of inflation since fiscal 1991, the year of PTC's previous increase. The average cash toll for a passenger car increased to \$0.054 per mile from \$0.041 per mile, while the average cash toll on commercial traffic increased on a sliding scale based on weight from \$0.04 per mile for 19,000-pound vehicles to as much as \$0.71 per mile for vehicles more than 100,000 pounds. Even after the significant increase, per mile toll rates remain competitive among peers. The PTC anticipates raising tolls by 25% in fiscal 2009 and 3% annually thereafter to meet their obligations under Act 44.

Traffic response to the toll increase, which took effect at the beginning of the second quarter of fiscal 2005, was limited to a minor decline of 1.2% over fiscal 2004, indicating that significant economic rate-making flexibility remains. Traffic for fiscal 2006 was generally flat as compared to fiscal 2005, reflecting the lingering effect of the toll increase, a seven-day strike in November 2005, and increased fuel prices. Traffic for

Historical Traffic and Revenue
(Fiscal Years Ended May 31)



fiscal 2007 grew at slightly less than 1%, which Fitch considers to be on the low end of growth patterns for a mature facility. Importantly, traffic on the PTC has grown at an average annual rate of 3.7% since fiscal 1990 and at a rate of 2.2% since fiscal 2000. While the historical growth rate has slowed recently, this level of growth on a mature facility does provide PTC with some traffic certainty, as tolls are expected to increase significantly. Fitch will closely monitor the proposed toll increase in fiscal 2009 and 3% annual increases after fiscal 2009 and the resulting effects on traffic trends.

■ **Capital Improvement Plan**

PTC’s current 10-year fiscal 2008–2017 CIP has grown to approximately \$4.8 billion from \$4.3 billion in 2006, excluding the Mon/Fayette Expressway and Southern Beltway projects. It is anticipated that PTC will issue approximately \$3 billion in turnpike revenue bonds over the next 10 years to fund projects on the mainline portion, as well as use revenues to fund pay-as-you-go projects.

The main project in the CIP is the reconstruction and resurfacing of the entire mainline section, which accounts for approximately \$3.5 billion of the \$4.0 billion highway portion of the total CIP. PTC anticipates that approximately 16 miles of reconstruction per year are feasible, given operational limitations and existing engineering and funding resources. The original 162-mile section of the mainline is the first priority and is expected to be completed in the 10-year CIP. To date,

48 miles of the project have been completed with another 15 miles currently under construction.

The significant increase in overall cost of the Mon/Fayette Expressway and Southern Beltway projects, which total \$5.3 billion, is due to inflation on materials, as well as new projects, such as additional maintenance and access facilities and egress roads and exit ramps. While there remains a significant funding gap on the Mon/Fayette and Southern Beltway projects, PTC anticipates that the project will continue to be funded by nontoll sources, which are currently certain vehicle registration fees and oil franchise taxes.

Three sections of the Mon/Fayette are in operation, and traffic and revenue data are above projections. The section from Uniontown to Brownsville is currently under construction, the first section of which is expected to open to traffic in 2008 and the second section is expected to open in 2012. Additional funding is needed to complete the final 24 miles from Pennsylvania Route 51 to I-376 in Pittsburgh. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to Interstate 376 near Pittsburgh at a length of approximately 65 miles. The Southern Beltway will arc through a significant portion of metropolitan Pittsburgh, connecting the international airport and the Mon/Fayette Expressway. The first section of the beltway opened to traffic in late 2006. The second section is expected to receive environmental clearance by the end of 2007, and right-of-way acquisition is

expected to commence in early 2008. The third section is undergoing environmental review.

■ Debt Profile

PTC currently has approximately \$1.65 billion of turnpike revenue bonds outstanding, of which 42.8% are pure fixed rate, 32.8% are synthetically fixed, and 24.3% are a combination of pure variable-rate and synthetic variable. While this level of synthetic fixed and variable-rate debt is somewhat high, PTC does maintain between \$75 million and \$100 million in cash and cash equivalents that offsets this risk to some degree. PTC is expected to issue \$3.0 billion in additional debt between fiscal years 2008 and 2017 to fund a portion of the \$4.7 billion CIP. The mix of proposed debt has not yet been determined. However, PTC does have forward-starting swaps worth approximately \$300 million in place through fiscal 2008. While a debt borrowing strategy is under development for both completion of the CIP and obligations under Act 44, future debt issuances that significantly increase in the overall percentage of pure variable or synthetic fixed-rate debt from current levels would be viewed negatively by Fitch.

In addition to cash offsets, PTC also has managed counterparty risk by diversifying its exposure. Including the forward-starting swaps, PTC has mainline turnpike revenue bond agreements with seven different counterparties, including Bank of America, N.A., Bear Stearns Financial Products, Inc., Goldman Sachs Mitsui Marine Derivative Products, L.P., JPMorgan Chase Bank, N.A., Merrill Lynch Capital Services, and UBS AG, Stamford Branch. As of May 31, 2007, the mark-to-market value on the swaps was approximately negative \$65.1 million.

In addition to the turnpike revenue bonds, PTC has approximately \$594.9 million in outstanding oil franchise tax revenue bonds and \$458.5 million in outstanding vehicle registration fee revenue bonds. These bonds are separately secured, and proceeds are being used to fund construction of portions of the Mon/Fayette and Southern Beltway projects.

■ Financial Profile

PTC's historical financial profile demonstrates a significant amount of financial flexibility. This is evidenced by sizable annual operating surpluses available for pay-as-you-go capital reinvestment, solid levels of internal liquidity, and growing debt burden. The toll increase implemented in August 2004 has allowed PTC to accelerate reconstruction efforts on its

aging mainline system. However, while the current rate structure is sufficient to meet operating and capital requirements, future toll increases will be needed in addition to tolling of I-80 to meet growing operating and maintenance expenses, and potentially higher costs associated with the CIP and the PTC's new obligations under Act 44. Currently, PTC expects to increase tolls in fiscal 2009, at approximately 25% and annually at 3% after fiscal 2009 to meet annual obligations to PennDOT under Act 44. If a lease is executed between PTC and PennDOT, tolls would commence on I-80 in fiscal 2011, and annual payments would escalate at 2.5% annually from \$900 million in fiscal 2010. If tolls are not implemented on I-80, PTC's annual obligations will be fixed at \$450 million for the term of the lease. Fitch will closely monitor the PTC's adopted toll plan when the lease with PennDOT has been finalized.

In fiscal 2005, total operating revenues increased to \$545.2 million from \$408.7 million, or 33%, in fiscal 2004 due to the aforementioned toll increase, while total operating expenses increased 4.4%. Fiscal 2006 toll revenues grew to \$588 million, reflecting some additional impacts from the toll increase, while, revenue growth moderated in fiscal 2007, increasing to \$592 million, or slightly less than 1%, reflecting minimal traffic growth and no toll increase. Operating and maintenance expenses grew by 5.6% and 5.4%, respectively in fiscal years 2006–2007, consistent with historical growth rates since fiscal 2002. However, total costs of services for fiscal 2006, grew by \$93.5 million to \$356.9 million, with \$76.2 million of this amount attributable to noncapitalizable projects for maintaining the road and facilities. For fiscal 2007, costs of services decreased by 11% to \$316.4 million, as certain aspects of the capital projects were completed that had contributed to the prior year increases. Fitch expects management will be proactive in managing growth in operating expenditures, as well as major rehabilitation and project costs.

Debt service coverage has remained strong, and net income in fiscal 2005 produced debt service coverage of 4.08x, reflecting higher toll revenues from the toll increase. Net revenues in fiscal years 2006–2007 also produced strong debt service coverage at 3.97x and 3.39x, respectively. Additionally, historical coverage levels have remained stable, not falling below 2.46x since fiscal 2002, which is almost double the required 1.30x rate covenant. Fitch expects debt service coverage to fall as the PTC manages both existing obligations on the mainline facilities and capital projects contained in its 10-year CIP and its new obligations under Act 44.

Financial Statement

(\$000, Fiscal Years Ended May 31)

	2003	2004	2005	2006	2007
Balance Sheet					
Mainline General and Reserve Maintenance Fund	91,941	73,054	105,945	168,268	178,168
Mainline Other Funds (DS, DSRF, Construction, etc.)	62,086	63,865	294,178	194,404	332,608
Total Mainline Funds	154,027	136,919	400,123	362,672	510,776
Receivables	21,737	24,473	30,948	33,558	36,454
Total Current Mainline Assets	175,764	161,392	431,071	396,230	547,230
Net Fixed Assets	2,632,424	2,556,382	2,570,384	2,646,066	3,115,230
Current Liabilities	84,551	85,104	105,887	99,183	124,554
Net Working Capital*	69,476	51,815	294,236	263,489	386,222
Long-Term Debt Outstanding (Turnpike Revenue Bonds)	1,160,435	1,132,655	1,372,810	1,340,125	1,655,270
Operating Statement					
Toll Revenues**	387,222	408,744	545,158	588,637	592,641
Other Income	20,969	19,034	26,316	20,970	15,802
Total Operating Revenues	408,191	427,778	571,474	609,607	608,443
Investment Income	6,162	5,667	7,139	8,400	13,142
Gross Income	414,353	433,445	578,613	618,007	621,585
Turnpike Patrol	22,952	24,648	25,278	28,965	30,735
General and Administrative	15,473	14,677	15,247	15,438	16,670
Maintenance	52,820	52,368	51,226	53,095	57,110
Fare Collection	57,188	55,266	54,681	55,149	55,007
Traffic Services, Safety, and Communications	51,096	62,688	72,336	77,939	83,984
Total Operating Expense	199,529	209,647	218,768	230,586	243,506
Net Revenue	214,824	223,798	359,845	387,421	378,079
Turnpike Revenue Bonds Interest	58,229	53,280	59,022	64,968	72,823
Turnpike Revenue Bonds Principal	29,140	27,780	29,090	32,685	38,720
Total Debt Service	87,369	81,060	88,112	97,654	111,543
Net Income	127,455	142,738	271,733	289,767	266,536
Depreciation	229,485	229,485	211,401	214,885	198,414
Financial Statistics					
As a % of Gross Income:					
Operating and Maintenance Expenses	48	48	38	37	39
Debt Service	21	19	15	16	18
Net Working Capital	17	12	51	43	62
Net Income	31	33	47	47	43
Operating Ratio (%)	49	49	38	38	40
Turnpike Revenue Bonds Debt Service Coverage (x)	2.46	2.76	4.08	3.97	3.39
Lane Miles	2,580	2,580	2,580	2,580	2,580
Per Lane Mile Statistics:					
Operating Revenue	158	166	222	236	236
Operating Expenses	77	81	85	89	94
Debt Service	34	31	34	38	43
Long-Term Debt	450	439	532	519	642
Financial Margin	47	53	103	109	98

*To avoid understating net working capital because accounts payable includes non-mainline liabilities, total mainline funds (restricted and unrestricted) are being used for the new working capital calculation. **Net of commercial discounts. Note: Numbers may not add due to rounding.

Historically, Fitch has expected PTC's debt service coverage to be maintained at or above 2.00x. Fitch will continue to monitor the PTC's expected plans for additional leverage and its potential impact on senior lien credit quality, as well as management's plans for a multiple lien structure as the PTC assumes its obligations under Act 44.

PTC maintains three policies aimed at financial stability and flexibility: a debt management policy; an interest rate swap management policy; and a liquidity standard policy. The debt management policy assesses the future needs of PTC and aims to utilize a reasonable mix of

pay-as-you-go borrowing and limit long-term borrowing to fund capital projects and improvements or equipment that can be financed from current resources. The interest rate swap policy sets forth criteria and standards for the manner and implementation of swaps and agreements. The policy also provides security and payment provisions, risk considerations, and certain other relevant provisions. The liquidity standard policy ensures that PTC will maintain a cumulative fund balance, including cash and balances in the reserve maintenance fund and general reserve fund, equal to the greater of either MADS on all bonds not secured by a DSRF or 10% of annual budgeted revenues.

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